

of resumption was the statute of 1822 (Chapter 70), authorizing country bankers to continue the issue of notes for £1 until the expiration of the charter of the Bank of England in 1833. The permission to issue £1 notes, which had been given to the Bank of England in 1797 and continued during the entire period of restriction, was withdrawn by the resumption acts.

The effect of the monopoly of the Bank of England, which deprived any corporation or large firm of the power to issue notes, but left the power to firms of six persons or less, was the subject of severe criticism every time that the small country banks were swept away in a period of industrial depression. The success of the Scotch banking system was attracting attention and English financiers were desirous of adopting it in England. It was supposed, however, down to 1823, that no joint stock bank could be lawfully established in England because of the exclusive privileges conferred upon the Bank of England by the Act of 1742. It was found, upon careful inspection of the act, and having in view the rule of law that a penal statute must be construed strictly, that the restrictions were limited in their application to banks of issue. The failure to make any distinction up to this time between the power to establish joint stock banks for the purpose of issuing notes and the power to establish them for other purposes was due to the early impression that banking could not be carried on without the issue of notes. The London private bankers had for thirty years suspended the use of circulating promissory notes, but the tradition lingered that joint stock banks could not be established without infringing the legal monopoly of the Bank of England. Mr. Joplin in a pamphlet issued in 1823 announced his discovery that the charter of the bank "does not prevent public banks for the deposit of capital from being established."¹

There was natural hesitation, even after this discovery, to embark in joint stock banks of deposit without specific authority of law, but the discovery probably had something

¹ MacLeod, Theory and Practice of Banking[^] II., 381.